

# DEPARTMENT OF ECONOMIC DEVELOPMENT

## FINANCIAL SUMMARY

	FY 2003 EXPENDITURE	FY 2004 APPROPRIATION	FY 2005 REQUEST	GOVERNOR RECOMMENDS FY 2005
Business Division	\$ 23,221,488	\$ 37,752,884	\$ 37,512,071	\$ 37,550,582
Community Development	43,109,306	40,527,770	41,165,074	41,201,134
Workforce Development	72,161,400	124,772,022	123,617,886	124,020,720
Division of Tourism	15,072,210	15,082,743	15,082,743	15,082,743
Affordable Housing	5,587,438	4,980,142	5,020,867	5,027,376
Financial Institution Safety and Soundness	5,551,220	5,917,409	5,847,857	5,944,409
Motor Carrier and Railroad Safety	2,990,468	0	0	0
Utility Regulation	16,207,132	18,979,339	19,340,023	20,433,349
Professional Registration	11,348,440	14,644,960	14,129,752	14,281,855
Administrative Services	6,887,893	10,889,574	11,208,793	11,341,766
DEPARTMENTAL TOTAL	\$ 202,136,995	\$ 273,546,843 *	\$ 272,925,066	\$ 274,883,934
General Revenue Fund	38,480,160	40,898,933	41,736,682	41,821,216
Federal Funds	112,649,078	163,686,889	162,505,788	163,006,453
Other Funds	51,007,757	68,961,021	68,682,596	70,056,265
Full-time equivalent employees	1,348.61	1,513.58	1,471.58	1,486.58

\* Does not include \$436,927 and 3.5 staff recommended in the Fiscal Year 2004 Supplemental Appropriations, including \$288,514 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Economic Development supplemental appropriations.

## POLICY SUMMARY

Governor Holden's budget for Fiscal Year 2005 provides a total of \$274.9 million for the Department of Economic Development. The Department provides services to Missourians and businesses to ensure economic success and increased productivity. The core functions provided by the Department of Economic Development include:

- Administering 32 tax credit programs that focus on business recruitment, community assistance, and workforce training.
- Facilitating the location, expansion, retention or start-up of businesses to create and retain high quality jobs.
- Increasing the capacity of urban and rural communities to raise the economic performance of disadvantaged areas.
- Providing a well-balanced employment and training system, giving Missourians the opportunity to achieve their full career and employment potential.
- Overseeing and regulating financial institutions, public utility companies, and 38 professional licensing entities to ensure Missourians receive reliable and safe services.

### Promoting Economic Development and Job Creation

During the recent national economic recession, Missouri maintained a high national ranking on the cost of living index and personal income in the state continued to increase in line with the national average. The department continues to spur economic development and strengthen the state's workforce by providing well-trained workers that attract businesses and high-paying jobs to the state. Toward that end, last session the General Assembly passed and the Governor signed legislation, HB 289 (2003), to stimulate development in both rural and downtown areas, resulting in increased tax revenue collected by state and local authorities.

The Governor has also proposed a new, comprehensive plan to accelerate the progress of the state's economy as it continues to emerge from the national recession. "Jobs Now" will create new, high-paying jobs through targeted investments in critical infrastructure; help stimulate growth in targeted industries, such as plant and life sciences; and provide increased funding to ensure a highly skilled workforce in the state. The plan is cost neutral because it will redirect resources from several inefficient tax credit programs and will leverage non-state investments from private sources and federal funds.

## DEPARTMENT OF ECONOMIC DEVELOPMENT

### POLICY SUMMARY (Continued)

The department will also direct some Temporary Assistance for Needy Families' (TANF) bonus dollars towards enhancing job creation opportunities and career assistance services to move people from welfare to work. The department will focus on developing career pathways in partnership with Missouri employers and community colleges, leveraging the TANF bonus dollars to gain additional resources for curriculum development and training.

To promote economic and workforce development, the Governor recommends:

- \$6.5 million TANF bonus dollars for training and career development opportunities to help low-income families find and retain jobs.
- \$500,000 for the Arts Council to match available federal funds for this important economic development tool.
- \$372,604 to provide the necessary resources to implement the Missouri Downtown and Rural Economic Stimulus Act, as authorized by HB 289 (2003).
- \$1 on an open-ended basis to establish the Jobs Now Investment, allowing the Missouri Development Finance Board to issue bonds for grants and loans to public entities, colleges, and universities.

### Enhancing Economic Security and Protecting Consumers

The department continues work to enhance economic security and utility safety for all Missourians. The department now administers 32 tax credit programs that focus on job creation, business recruitment, and community development. While these tax credit programs have generated millions of dollars of investments in the state, it is vital citizens be assured credits are being properly used.

The state also oversees a vast and complex utility system that requires regulation to ensure safe and adequate services are provided to all Missourians. House Bill 208, passed by the General Assembly during the 2003 legislative session and signed into law by the Governor, allows some utilities to place surcharges on consumers under certain circumstances. This will increase the amount of oversight required by the Office of Public Counsel and the Public Service Commission.

To enhance economic security and utility affordability, the Governor recommends:

- \$282,855 to develop a tax credit compliance and auditing unit to provide accountability oversight for existing tax credit programs.
- \$79,720 for the Office of Public Counsel to represent consumers in rate cases pursuant to the provisions in HB 208 (2003).
- \$463,805 other funds for the Public Service Commission to process additional rate increase requests for natural gas and water infrastructure replacement surcharges due to the provisions in HB 208 (2003).

Some performance measures the Department of Economic Development uses to evaluate Missouri's economic prosperity follow:

	2001	2002	2003
Total Number of Missourians employed	2,852,100	2,808,462	2,658,675
Sales of Missouri businesses through DED programs (billions)	\$1.885	\$1.886	\$1.400
Cost savings of Missouri firms through DED programs (millions)	\$25.5	\$48.2	\$34.3
Direct tourist expenditures in Missouri (billions)	\$5.5	\$5.5	\$5.5

Some performance measures the Department of Economic Development uses to evaluate Missouri's labor force follow:

	2001	2002	2003
Number of Missourians using DED services to bring them above the poverty level	21,730	24,873	23,749
Number of unemployed people who use DED services and obtain employment	94,814	103,545	115,640
Number of people who use DED services to obtain a higher wage job	79,347	94,835	92,340

### Improved Efficiency

Missouri has always been a low tax state and has, therefore, provided only essential services at a very low cost. The state's already low tax level combined with two consecutive years of declining revenue have led to significant reductions in many programs. However, under Governor Holden's leadership, state agencies have minimized the negative impact on services by dramatically reducing administrative costs and by developing ways to provide remaining services in the most efficient way possible.

## DEPARTMENT OF ECONOMIC DEVELOPMENT

### POLICY SUMMARY (Continued)

The Department of Economic Development has aggressively improved the services it provides and reduced administrative costs by:

- Merging the Business Development Division and the Business Expansion and Attraction Division into the new Business Services Division, resulting in a savings of \$535,051 and 4.75 staff positions.
- Consolidating workforce support services under the Temporary Assistance for Needy Families and Parent's Fair Share programs within the Division of Workforce Development, generating a savings in excess of \$1.1 million and 154 staff positions.
- Replacing the Public Service Commission's out-dated computer system with a more efficient electronic filing and information system, resulting in a savings of \$265,000 in postage and \$2.4 million in productivity costs.
- Combining the department's facilities and mailroom functions into a single general services unit to eliminate duplication.

In addition to cost cutting measures already implemented, the Department of Economic Development plans to:

- Co-locate the Division of Workforce Development and Department of Social Services local county offices to improve customer access and reduce any duplication of efforts.
- Create regional teams to increase efficiencies, consolidate information, and improve customer service by providing coordinated information relating to tax credits and incentive programs.
- Implement the Division of Professional Registration's on-line renewal system to reduce postage costs and expedite the processing of applications for licensed professionals.

### Cuts Already Made

The Department of Economic Development has worked to minimize the impact of reduced funding on services. However, the department's funding for services has been cut in recent years. For example:

- \$6.2 million was cut from the Customized Job Training program. This has resulted in fewer companies receiving assistance and smaller awards for those that do. Employees receiving training decreased from 35,613 in Fiscal Year 2001 to 24,639 in Fiscal Year 2003, which translates into a less competitive workforce and fewer high-paying jobs.
- \$1.1 million in technology funding cuts have resulted in the elimination of the Centers for Advanced Technology and Electronic Materials Applied Research Center programs. The Manufacturing Extension Partnership Program and Innovation Centers have also received less funding. These combined actions have resulted in fewer research projects and fewer companies that are served with technology and commercialization activities. These funding cuts will have a negative impact on the amount of new investment and sales generated by companies that use these programs.
- \$1.1 million was taken from the Community Development Corporation Grant Program, resulting in fewer and smaller awards being made and limits on the types of projects that can be funded. This program focuses on helping the underserved low- and moderate-income persons achieve educational certifications. This reduction has decreased the number of educational and housing projects for these individuals.
- \$750,000 from the marketing budget has decreased the ability of the state to recruit and retain businesses, and the elimination of the Regional Cooperative Marketing Program has hindered economic development efforts of local communities.
- \$382,000 in funding for the Main Street Program and Rural Development Grants has been eliminated, resulting in the loss of funding to smaller communities. The grants provided assistance for the hiring of economic development experts to work within the communities to create more investments and jobs. The elimination of these programs will result in the loss of over \$30 million in investments and 600 new jobs.

**DEPARTMENT OF ECONOMIC DEVELOPMENT  
BUSINESS DIVISION**

**FINANCIAL SUMMARY**

	FY 2003 EXPENDITURE	FY 2004 APPROPRIATION	GOVERNOR RECOMMENDS FY 2005
Business Division Programs	\$ 6,330,777	\$ 12,903,462	\$ 12,701,160
Missouri Job Development Fund	8,239,912	8,849,422	8,849,422
Missouri Community College New Jobs Training	8,650,799	16,000,000	16,000,000
DIVISIONAL TOTAL	\$ 23,221,488	\$ 37,752,884	\$ 37,550,582
PERSONAL SERVICE			
General Revenue Fund	1,567,550	1,467,424	1,511,449
Federal Funds	69,376	212,684	216,937
Department of Economic Development Administrative Fund	0	87,538	89,288
Missouri Job Development Fund	239,606	327,294	333,840
EXPENSE AND EQUIPMENT			
General Revenue Fund	1,852,847	2,107,033	2,148,156
Federal Funds	1,897	6,974	6,974
Department of Economic Development Administrative Fund	0	25,600	25,600
International Promotions Revolving Fund	24,552	73,438	73,988
Missouri Job Development Fund	31,755	88,389	88,389
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	10,783,106	12,554,948	12,254,949
Federal Funds	0	2,200,000	2,200,000
Department of Economic Development Administrative Fund	0	2,600,000	2,600,000
Missouri Community College Job Training Program Fund	8,650,799	16,000,000	16,000,000
International Promotions Revolving Fund	0	1,562	1,012
TOTAL	\$ 23,221,488	\$ 37,752,884	\$ 37,550,582
General Revenue Fund	14,203,503	16,129,405	15,914,554
Federal Funds	71,273	2,419,658	2,423,911
Department of Economic Development Administrative Fund	0	2,713,138	2,714,888
Missouri Community College Job Training Program Fund	8,650,799	16,000,000	16,000,000
International Promotions Revolving Fund	24,552	75,000	75,000
Missouri Job Development Fund	271,361	415,683	422,229
Full-time equivalent employees	50.45	55.70	55.20

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **BUSINESS DIVISION (Continued)**

#### **BUSINESS DIVISION PROGRAMS**

The Department of Economic Development continues to provide timely and useful services to Missouri businesses through the Business Division which offers the following programs:

Missouri Business Center –The Missouri Business Center provides information on the essential planning steps that should be taken before starting a business in Missouri, including how to develop a business and marketing plan and information on current regulations. The Office of Minority Business provides direct assistance to minority- and women-owned businesses regarding business planning and resource opportunities.

Office of Business Finance – The Office of Business Finance provides information regarding tax credit programs and venture capital investment opportunities in order to help Missouri's small businesses increase private investment into their business. This office also assists with foreign investment opportunities.

Office of Science and Technology – The Office of Science and Technology coordinates the activities of the Innovation Centers and Missouri Enterprise programs which assist Missouri businesses in increasing efficiency, productivity, and competitiveness.

Office of International Marketing – The Office of International Marketing (OIM) focuses on the development of international export sales of Missouri products and services and also foreign investment opportunities. OIM offers assistance through several foreign offices located in areas such as London, England; Tokyo, Japan; Monterrey, Mexico; and Ghana, Africa.

Business Attraction Section – The Business Attraction Section facilitates the identification and location of new companies to Missouri. Services may include presenting the state as a cost-effective and potentially profitable location for investment, working with local communities to offer a site or building to potential businesses, or providing other assistance to prospective companies.

Research and Development Program – Information is a valuable resource, particularly when attempting to attract and retain businesses in the state. The Research and Development Program provides a wide variety of research information, including trade publications, business directories, target industry research, business climates, wages by occupation, labor reports, etc.

Incentives Section –The Incentives Section administers the business financing and tax credit programs available to businesses as encouragement to locate or expand their business in Missouri.

Missouri Development Finance Board – The Missouri Development Finance Board administers a range of financing programs for Missouri businesses, local governments, and state agencies. The board issues industrial revenue bonds or notes, provides market rate or low-interest loans and grants to political subdivisions and public infrastructure improvements, and grants tax credits against certain state income taxes in exchange for contributions made to the board.

#### **Fiscal Year 2005 Governor's Recommendations**

- \$136,302 and 2.5 staff for implementation of the Missouri Downtown and Rural Economic Stimulus Act created by HB 289 (2003).
- \$1 on an open-ended basis to implement the Jobs Now Investment Plan.
- \$40,374 for pay plan, including \$27,825 general revenue.
- (\$300,000) for one-time expenditures.
- (\$77,979) and (three) staff in core reduction from the Fiscal Year 2004 appropriation level.
- (\$1,000) reallocated to the Division of Community Development to reflect the transfer of the Transportation Development Tax Credit Program to the Community Development Division.

#### **MISSOURI JOB DEVELOPMENT FUND**

The Missouri job development fund allows the state to provide training to new and expanding businesses. Funding is also used to retrain employees of existing businesses to prevent plant shutdowns by both direct training and increasing ability to leverage federal funds.

#### **Fiscal Year 2005 Governor's Recommendations**

Continue funding at the current level.

#### **MISSOURI COMMUNITY COLLEGE NEW JOBS TRAINING**

Created by Sections 178.892-178.896, RSMo, the Missouri Community College New Jobs Training Program provides an incentive for the creation of new jobs by providing education and training of workers for new or expanding industries by community college districts.

#### **Fiscal Year 2005 Governor's Recommendations**

Continue funding at the current level.

**DEPARTMENT OF ECONOMIC DEVELOPMENT  
COMMUNITY DEVELOPMENT**

**FINANCIAL SUMMARY**

	FY 2003 EXPENDITURE	FY 2004 APPROPRIATION	GOVERNOR RECOMMENDS FY 2005
Community Development Programs	\$ 38,765,067	\$ 39,572,034	\$ 39,740,264
Rural Development Grants	198,089	0	0
Missouri Rural Opportunities Council	54,637	0	0
Missouri Arts Council	4,026,523	955,736	1,460,870
Main Street Program - Transfer	64,990	0	0
DIVISIONAL TOTAL	\$ 43,109,306	\$ 40,527,770	\$ 41,201,134
PERSONAL SERVICE			
General Revenue Fund	1,086,352	863,611	973,200
Federal Funds	798,777	975,589	995,101
EXPENSE AND EQUIPMENT			
General Revenue Fund	387,376	192,671	236,932
Federal Funds	407,919	851,717	851,717
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	4,928,542	3,966,147	4,466,147
Federal Funds	35,464,055	31,678,035	31,678,035
Department of Economic Development Administrative Fund	0	250,000	250,000
Youth Opportunities and Violence Prevention Fund	0	250,000	250,000
State Supplemental Downtown Development Fund	0	0	1
State Supplemental Rural Development Fund	0	0	1
Property Reuse Fund	36,285	1,500,000	1,500,000
TOTAL	\$ 43,109,306	\$ 40,527,770	\$ 41,201,134
General Revenue Fund	6,402,270	5,022,429	5,676,279
Federal Funds	36,670,751	33,505,341	33,524,853
Department of Economic Development Administrative Fund	0	250,000	250,000
State Supplemental Downtown Development Fund	0	0	1
State Supplemental Rural Development Fund	0	0	1
Youth Opportunities and Violence Prevention Fund	0	250,000	250,000
Property Reuse Fund	36,285	1,500,000	1,500,000
Full-time equivalent employees	56.45	58.25	60.75

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **COMMUNITY DEVELOPMENT (Continued)**

The mission of the Community Development Group is to increase the capacity of communities and neighborhoods to utilize their resources to raise the economic performance of disadvantaged communities. Capacity is increased by encouraging communities to establish long-term community development programs, economic development programs, and public/private partnerships that improve, strengthen, and diversify local economies and communities. This capacity building entails leadership development, planning, volunteer development, alternative economic development activities, infrastructure improvement, youth development, and enabling local investments directly tied to the needs of the community for enhancing the quality of life and preparing communities for economic, sustainable growth.

### **COMMUNITY DEVELOPMENT PROGRAMS**

Community development programs help communities expand their economic base and improve the quality of life. Grants are awarded to help revitalize communities. Tax credits are offered to help finance redevelopment costs. Youth crime prevention is promoted and regional offices assist all areas of the state.

### **Fiscal Year 2005 Governor's Recommendations**

- \$136,304 and 2.5 staff for implementation of the Missouri Downtown and Rural Economic Stimulus Act created by HB 289 (2003), including \$136,302 general revenue.
- \$31,651 for pay plan, including \$17,273 general revenue.
- \$1,000 reallocated from the Division of Business Services to reflect the transfer of the Transportation Development Tax Credit Program to the Community Development Division.
- (\$725) core reduction from the Fiscal Year 2004 appropriation level.

### **MISSOURI ARTS COUNCIL**

The Missouri Arts Council (MAC) provides administrative support for the state art agency. As both a funding agency and a comptroller, MAC staff is charged with reviewing funding requests, allocating state and federal funds appropriated for arts programs, monitoring the expenditures of those funds, and providing technical and professional assistance to grantees.

A number of state programs provided by the MAC stimulate and support the arts, including program assistance awards. Statewide programs sponsored by MAC are: Community Arts, Touring Folk Arts, Artist-in-Residence, Visual Arts, and Writer's Biennials. The Community Arts Program awards grants to help local arts councils present arts programs in non-metropolitan areas. The Touring Folk Arts Program provides technical and financial assistance to local arts organizations for tour dates that they book with Missouri visual and performing artists and arts groups. The Artist-in-Residence Program provides short- and long-term residencies for Missouri artists or ensembles in Missouri's elementary schools. The Visual Arts and Writer's Biennials are two-year programs that alternately support, then exhibit, the work of selected Missouri artists. Program assistance awards which provide seed money are made on a 50/50 matching basis to not-for-profit applicants throughout Missouri. Citizen advisory panels recommend the allocation basis for program assistance dollars for each of the discipline areas (dance, music, etc.). Special initiatives, targeted projects initiated by MAC itself, include the African-American Cultural Initiative, arts education programs for Missouri public schools, and statewide conferences.

### **Fiscal Year 2005 Governor's Recommendations**

- \$500,000 for the Arts Council to match available federal funds for this important economic development tool.
- \$5,134 federal funds for pay plan.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **COMMUNITY DEVELOPMENT (Continued)**

#### **MAIN STREET PROGRAM TRANSFER**

Sections 251.470-251.485, RSMo, allow for the general assembly to appropriate funds to the Missouri main street program fund. Funding for this program was eliminated in Fiscal Year 2004.

#### **RURAL DEVELOPMENT GRANTS**

The Rural Development Program, which includes the Rural Development Council and rural development grants, provides technical assistance and grants to communities with populations below 15,000. The grants are for job creation and retention, business attraction, and resource recovery. Funding for this program was eliminated in Fiscal Year 2004.

#### **MISSOURI RURAL OPPORTUNITIES COUNCIL**

The Missouri Rural Opportunities Council (MoROC) is one of numerous state rural development councils comprising the National Rural Development Partnership. Currently over 500 representatives of federal, state, local, and tribal governments, as well as the private for-profit and not-for-profit sectors, are brought together by MoROC. This neutral forum is designed to define and frame Missouri's rural issues, examine resulting barriers to rural development statewide, and collaborate in removing the impediments to an improved quality of life for all of rural Missouri. This program was eliminated in Fiscal Year 2004 due to loss of federal funds.



**DEPARTMENT OF ECONOMIC DEVELOPMENT  
WORKFORCE DEVELOPMENT**

**FINANCIAL SUMMARY**

	FY 2003 EXPENDITURE	FY 2004 APPROPRIATION	GOVERNOR RECOMMENDS FY 2005
Workforce Development Administration	\$ 17,119,313	\$ 24,689,411	\$ 23,937,418
Workforce Programs	54,724,201	99,807,398	99,807,398
Women's Council	108,241	59,213	59,904
Special Employment Security Fund	209,645	216,000	216,000
DIVISIONAL TOTAL	\$ 72,161,400	\$ 124,772,022	\$ 124,020,720
PERSONAL SERVICE			
General Revenue Fund	92,459	39,628	40,421
Federal Funds	13,609,823	19,928,286	19,172,717
Child Support Enforcement Collections Fund	0	178,812	182,388
EXPENSE AND EQUIPMENT			
General Revenue Fund	24,965	99,604	99,502
Federal Funds	3,840,179	7,225,313	7,259,313
Child Support Enforcement Collections Fund	0	18,955	18,955
Special Employment Security Fund	209,645	216,000	216,000
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	0	1,919,981	1,919,981
Federal Funds	54,384,329	94,775,260	94,741,260
Child Support Enforcement Collections Fund	0	370,183	370,183
TOTAL	\$ 72,161,400	\$ 124,772,022	\$ 124,020,720
General Revenue Fund	117,424	2,059,213	2,059,904
Federal Funds	71,834,331	121,928,859	121,173,290
Child Support Enforcement Collections Fund	0	567,950	571,526
Special Employment Security Fund	209,645	216,000	216,000
Full-time equivalent employees	426.56	605.72	560.72

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **WORKFORCE DEVELOPMENT (Continued)**

The Division of Workforce Development provides a well-balanced employment and training system, giving Missourians the opportunity to achieve their full career and employment potential through high quality programs. Missouri employers also benefit from a more competitive and better-trained workforce. The Job Service Program offers a network of services delivered in a customer-focused environment to help people find and retain employment. Services include provision of labor market information, career counseling, testing, and job readiness training. Job Service also assists employers in meeting their employment needs by referring qualified workers for job openings and providing information to help plan for future workforce needs.

### **WORKFORCE DEVELOPMENT ADMINISTRATION**

Workforce Investment Act funds, along with federal Job Service Program funds, are administered by the Division of Workforce Development. These funds are targeted toward the economically disadvantaged, Temporary Assistance for Needy Families' recipients, school dropouts, and dislocated workers.

#### **Fiscal Year 2005 Governor's Recommendations**

- \$ 402,143 federal and other funds for pay plan.
- (\$1,154,136) federal funds and (45) staff in core reduction from the Fiscal Year 2004 appropriation level.

### **WORKFORCE PROGRAMS**

The mission of the federal Workforce Investment Act Program is to serve Missourians by: providing training and employment opportunities; establishing a flexible, coordinated, and decentralized training system; and coordinating these programs with other employment and training-related programs. The employment and training programs offered on a statewide basis include: Workforce Investment Act programs, Trade Adjustment Assistance Program, North American Free Trade Agreement programs, Rapid Response Worker programs, and the Missouri Youth Service Conservation Corps. Individuals who meet eligibility requirements for the programs may access services to make them more competitive in the workforce. Historically, the Division of Workforce Development, along with local service delivery areas, have provided a full range of services authorized under the Workforce Investment Act which are designed to prepare individuals with barriers to employment for the workforce. Services include referral to job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation. The Missouri Training and Employment Council provides direction to the Division of Workforce Development on policies and procedures to ensure that local service delivery area programs comply with Workforce Investment Act financial and program requirements.

#### **Fiscal Year 2005 Governor's Recommendations**

Continue funding at the current level.

### **WOMEN'S COUNCIL**

Through its meetings, staff support, and other activities, the Missouri Women's Council addresses the issues of expanding women's opportunities through education and training programs. The Council works to increase occupational mobility in lower- and middle-employment levels, provides access to jobs with higher skill and managerial duties, promotes small business opportunities, and provides access to non-traditional skills through apprenticeships and vocational training. The council also prepares an annual state needs assessment to identify problem geographic areas; establishes long- and short-term goal statements; inventories current federal, state, local, and private programs relating to women's economic needs; and prepares plans to address those problem areas.

#### **Fiscal Year 2005 Governor's Recommendations**

- \$793 for pay plan.
- (\$102) core reduction from the Fiscal Year 2004 appropriation level.

### **SPECIAL EMPLOYMENT SECURITY FUND**

The special employment security fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law.

#### **Fiscal Year 2005 Governor's Recommendations**

Continue funding at the current level.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **DIVISION OF TOURISM**

The Division of Tourism promotes Missouri's tourist attractions with direct media campaigns, vacation guides, and public relations efforts. The Division of Tourism also operates six tourism information centers at key entry points throughout the state and a seventh located in the Truman State Office Building in Jefferson City. Beginning in Fiscal Year 1995, the division has been funded with a portion of the growth in tax revenues on tourism-oriented goods and services.

#### **Fiscal Year 2005 Governor's Recommendations**

- (One) staff in core reduction from the Fiscal Year 2004 appropriation level.

### **AFFORDABLE HOUSING**

The Missouri Housing Development Commission (MHDC) was established in 1969 by the 75<sup>th</sup> General Assembly to assist in the creation of housing for low- and moderate-income people of Missouri. Section 215.020, RSMo, states: "There is hereby created and established as a governmental instrumentality of the State of Missouri the Missouri Housing Development Commission which shall constitute a body corporate and public."

MHDC generates multi-family rental production through a variety of funding sources, including its own fund balances; the state's allocation of federal funds; its authority to issue tax-exempt and taxable bonds; and state and federal housing tax credits. MHDC also offers single-family programs for qualified first-time homebuyers, such as its Mortgage Revenue Bond Program which provides funds for mortgage loans at competitive interest rates and a Downpayment Assistance Program to assist in the purchase of a home. MHDC's Affordable Housing programs include Section 8 certificates and vouchers, federal tenant-based assistance, MHDC's Rental Assistance Program, as well as several other Rental Assistance programs in partnership with the Department of Mental Health.

The Manufactured Housing Department is housed within the Public Service Commission per Sections 700.010-700.115, RSMo. It annually registers manufacturers and dealers of manufactured homes and modular units; prescribes and enforces uniform construction standards for manufactured homes, modular units, and recreational vehicles manufactured and/or sold within the state; approves plans for modular units and recreational vehicles sold in the state; and enforces manufactured home tie-down requirements. There are 3,779 manufactured housing dealers and 13 modular unit dealers operating in Missouri.

#### **Fiscal Year 2005 Governor's Recommendations**

- \$40,725 other funds for replacement vehicles.
- \$6,509 other funds for pay plan.

### **FINANCIAL INSTITUTION SAFETY AND SOUNDNESS**

Division of Credit Unions – The Division of Credit Unions is statutorily responsible for the examination, supervision, and regulation of all state-chartered credit unions to determine the financial condition and management practices of each credit union and to correct unsound practices or violation of law or regulation.

Division of Finance – The Division of Finance has regulatory oversight authority of activities involving state-chartered banks and trust companies. The division also is responsible for licensing and regulating small loan offices, motor vehicle offices, financial institution offices, companies engaged exclusively in second mortgage lending, premium finance companies, and companies selling money orders. Beginning in Fiscal Year 1995, the division took over the responsibilities of the former Division of Savings and Loan. The division now has regulatory oversight authority over savings and loan associations and registers mortgage loan brokers.

#### **Fiscal Year 2005 Governor's Recommendations**

- \$12,000 other funds for investigative contract work.
- \$96,552 other funds for pay plan.
- (\$81,552) other funds and (two) staff in core reduction from the Fiscal Year 2004 appropriation level.

### **MOTOR CARRIER AND RAILROAD SAFETY**

The Division of Motor Carrier and Railroad Safety regulates the prices, routes, and services of motor carriers of household goods and passengers. This division was transferred to the Missouri Department of Transportation in Fiscal Year 2004.

## DEPARTMENT OF ECONOMIC DEVELOPMENT

### UTILITY REGULATION

Office of Public Counsel – The Office of the Public Counsel is involved in the legal, accounting, financial, and economic aspects of utility ratemaking and regulation. Lawyers and technical staff analyze utility rate increase requests to advocate consumer rights in testimony and cross-examination in hearings held before the Public Service Commission.

Public Service Commission – The Public Service Commission regulates the rates, finances, safety, and quality of service of private, investor-owned telephone, gas, electric, water and sewer utilities, and the safety of rural electric cooperatives and municipally-owned gas systems. The commission is divided into four sections: executive, administration, general counsel, and utility.

The executive section is responsible for certain legal and administrative activities supporting the commission's statutory responsibilities, including hearing cases and issuing reports and orders. In addition, policy planning and analysis functions are conducted by the executive section to promote more active participation in federal proceedings and to provide technical assistance to the commission.

The administration division is responsible for internal operational functions related to purchasing, monitoring expenditures, preparing annual assessments of regulated utility companies, personnel and staff services, and manufactured housing. The administration division also files all commission administrative rules with the Secretary of State, reports official hearings, files and distributes all commission orders, and inspects dealer lots and manufacturing facilities of mobile homes to ensure compliance with federal standards and state law.

The general counsel assists the commission through preparation and presentation of expert staff testimony and exhibits, cross-examination in administrative hearings held before the commission, and representation of the commission in court cases involving appeals. The general counsel represents the commission in all proceedings before the Federal Energy Regulatory Commission, the Federal Communications Commission, and the Nuclear Regulatory Commission. The general counsel also drafts rules and procedures of the commission and commission-sponsored legislation.

The utility section consists of two divisions: utility service and utility operations. The utility services section advises and testifies before the commission on rate cases, performs field compliance audits, performs financial analysis, and is responsible for accounting and handling consumer complaints. The utility operations section provides analyses on utility construction; operation; safety; capacity expansion; tariff review; and rate design for electric, gas, water and sewer, and telecommunications utilities.

### **Fiscal Year 2005 Governor's Recommendations**

- \$896,491 other funds and 15 staff to fund the Office of Public Counsel through fee assessments.
- \$543,525 and eight staff for implementation of provisions from HB 208 (2003), including \$79,720 general revenue.
- \$197,555 for pay plan, including \$12,500 general revenue.
- (\$183,561) and (four) staff in core reduction from the Fiscal Year 2004 appropriation level, including (\$720) general revenue.

**DEPARTMENT OF ECONOMIC DEVELOPMENT  
PROFESSIONAL REGISTRATION**

**FINANCIAL SUMMARY**

	FY 2003 EXPENDITURE	FY 2004 APPROPRIATION	GOVERNOR RECOMMENDS FY 2005
Administration	\$ 4,388,550	\$ 5,464,166	\$ 4,945,168
State Board of Accountancy	336,776	430,146	434,834
State Board of Architects, Engineers, and Land Surveyors	566,552	728,781	735,255
State Board of Barber Examiners	29,077	38,271	39,271
State Board of Chiropractic Examiners	83,764	151,052	151,052
State Board of Cosmetology	244,158	259,418	259,418
Missouri Dental Board	457,000	592,414	598,943
State Board of Embalmers and Funeral Directors	67,970	149,634	149,634
State Board of Registration for the Healing Arts	2,035,983	2,485,570	2,495,984
State Board of Nursing	1,351,461	1,826,020	1,843,874
State Board of Optometry	39,893	42,604	42,604
State Board of Pharmacy	833,721	1,219,093	1,306,133
State Board of Podiatric Medicine	5,035	21,681	21,681
Missouri Real Estate Commission	835,902	1,125,014	1,146,908
Missouri Veterinary Medical Board	72,598	111,096	111,096
DIVISIONAL TOTAL	\$ 11,348,440	\$ 14,644,960	\$ 14,281,855
PERSONAL SERVICE			
Board Funds	4,062,118	4,774,127	4,790,160
Professional Registration Fees Fund	2,631,410	2,931,151	2,967,153
EXPENSE AND EQUIPMENT			
Board Funds	2,897,772	4,406,667	4,546,527
Professional Registration Fees Fund	1,757,140	2,533,015	1,978,015
TOTAL	\$ 11,348,440	\$ 14,644,960	\$ 14,281,855
Board Funds	6,959,890	9,180,794	9,336,687
Professional Registration Fees Fund	4,388,550	5,464,166	4,945,168
Full-time equivalent employees	226.40	229.60	225.60

The Division of Professional Registration provides support services to 32 licensing agencies through various boards, commissions, committees, offices, and councils. Each conducts professional examinations, licenses qualified individuals, promotes legislation, publishes rules and regulations, and investigates complaints of misconduct of licensed members.

**Fiscal Year 2005 Governor's Recommendations**

**ADMINISTRATION**

- \$58,178 other funds for pay plan.
- (\$555,000) other funds for one-time expenditures.
- (\$22,176) other funds and (one) staff in core reduction from the Fiscal Year 2004 appropriation level.

**STATE BOARD OF ACCOUNTANCY**

- \$4,688 other funds for pay plan.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **PROFESSIONAL REGISTRATION (Continued)**

#### **STATE BOARD OF ARCHITECTS, PROFESSIONAL ENGINEERS, AND LAND SURVEYORS**

- \$6,474 other funds for pay plan.

#### **STATE BOARD OF BARBER EXAMINERS**

- \$1,000 other funds for criminal history background checks.

#### **STATE BOARD OF CHIROPRACTIC EXAMINERS**

Continue funding at the current level.

#### **STATE BOARD OF COSMETOLOGY**

Continue funding at the current level.

#### **MISSOURI DENTAL BOARD**

- \$6,529 other funds for pay plan.

#### **STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**

Continue funding at the current level.

#### **STATE BOARD OF REGISTRATION FOR THE HEALING ARTS**

- \$31,486 other funds for pay plan.
- (\$21,072) other funds and (one) staff in core reduction from the Fiscal Year 2004 appropriation level.

#### **STATE BOARD OF NURSING**

- \$17,854 other funds for pay plan.

#### **STATE BOARD OF OPTOMETRY**

Continue funding at the current level.

#### **STATE BOARD OF PHARMACY**

- \$108,860 other funds for criminal history background checks.
- \$10,772 other funds for pay plan.
- (\$32,592) other funds and (one) staff in core reduction from the Fiscal Year 2004 appropriation level.

#### **STATE BOARD OF PODIATRIC MEDICINE**

Continue funding at the current level.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **PROFESSIONAL REGISTRATION (Continued)**

#### **MISSOURI REAL ESTATE COMMISSION**

- \$30,000 other funds for criminal history background checks.
- \$16,122 other funds for pay plan.
- (\$24,228) other funds and (one) staff in core reduction from the Fiscal Year 2004 appropriation level.

#### **MISSOURI VETERINARY MEDICAL BOARD**

Continue funding at the current level.

### **ADMINISTRATIVE SERVICES**

Administrative Services coordinates the common activities of encouraging economic development. It also protects and promotes the interests of Missouri citizens, provides support services to the agencies, and monitors fund accountability and program activities.

#### **Fiscal Year 2005 Governor's Recommendations**

- \$282,855 and five staff to develop the Tax Credit Accountability Auditing Unit.
- \$100,000 for implementation of the Missouri Downtown and Rural Economic Stimulus Act created by HB 289 (2003)
- \$134,177 for pay plan, including \$30,757 general revenue.
- (\$64,840) and (one) staff in core reduction from the Fiscal Year 2004 appropriation level, including (\$22,519) general revenue.